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line interests, each involving knotty problems of corporate and financial interrelation.

What is perhaps the largest single task imposed on the Interstate Commerce Commission in the twenty-eight years of its existence deserves final mention: the physical valuation of the whole system of interstate carriers.¹⁷ The report shows this monumental undertaking already well under way. To establish the present cost of reproduction of the railways, the country has been divided into five districts, and eight engineering field parties in each district are making inventories of the railroad property.¹⁸ To establish the original cost, to date, of each piece of railroad property, as called for in the Act, a staff of accountants is at work on the books of the railroads in each district.¹⁹ Finally land experts and attorneys are appraising railroad lands and rights of way, determining both present value and actual cost, if any, to the railroad. The result should be a Domesday Book of the American transportation system hard to overestimate in its economic, legal, and legislative consequences.

FAILURE TO REGISTER STOCK TRANSFERS. — In transferring stock of a corporation the proper change on the register is often omitted; and from this, legal complications may ensue in determining the owner upon whom various forms of stockholders' liability shall fall. The question may arise when the corporation or its receiver is assessing the stockholders. Although the owner of the shares has made a *bonâ fide* transfer of them, if no change is made on the corporation's books provided for the purpose, he still retains the legal title, though the equitable title goes to the purchaser.¹ If no notice of the sale has been given to the proper corporate officer, it has been held both that the legal owner of record is liable, much as any other trustee of the stock would be,² and that the beneficial owner can be held as well,³ although there can of course be no double recovery. If the former has to pay, he has the right to reimbursement or exoneration from the latter;⁴ allowing a direct right against the beneficial owner is therefore a legal short-cut in place of equitable execution by the corporation upon this right of the registered owner.⁵ If, however, the corporation has been properly notified of the transfer, the failure to transfer on the books is the corporation's own fault; and it would seem clear that when no creditor's rights are affected the book owner should not be liable for assessments, as the corporation is

¹⁷ Required by Sec. 19 (a) of the ACT TO REGULATE COMMERCE, as amended 1913, 37 U. S. STAT. AT L., 701.

¹⁸ The Commission expects soon to more than double the number of field parties in each district.

¹⁹ The Commission suggests tentatively that this detail of the valuation program may involve "an expenditure out of all proportion to the value of the results."

¹ See *Black v. Zacharie*, 3 How. (U. S.) 483, 513.

² *Visalia & T. R. Co. v. Hyde*, 110 Cal. 632, 43 Pac. 10; *Brown v. Allebach*, 166 Fed. 488.

³ *Ohio Valley Nat. Bank v. Hulitt*, 204 U. S. 162; *Brown v. Artman*, 166 Fed. 485.

⁴ *Kellog v. Stockwell*, 75 Ill. 68.

⁵ See 22 HARV. L. REV. 608.

precluded from setting up the registered title which, but for its carelessness, would have been transferred.⁶

By statute very generally creditors can hold stockholders individually liable in certain cases. When the suit is by creditors and not by the corporation, it can be seen that different considerations enter. Here *a fortiori* the book owner who has not notified the corporation of the transfer should be liable, for the creditor may have relied upon his name on the book.⁷ But when the failure to change is the fault of the corporation, the question is more difficult. A recent case holds that here the registered owner should not be liable to the creditor, as he has done all that a reasonable man would do to affect the transfer. *Bank of Midland v. Harris*, 170 S. W. 67 (Ark.).⁸ There is a conflict on the analogous question of whether a deed should be considered as duly recorded when through negligence at the recorder's office some requisite act has not been done. The cases that hold the recording invalid argue that the hardship involved in making a man see to it at peril that the recording is properly done is outweighed by the great public policy of letting purchasers of land rely absolutely on the record.⁹ Although there is a strong body of authority on the other side,¹⁰ this would seem the better view. There is a similar policy in the case of corporations. Its franchise is a gift from the state, and to prevent abuse of that gift the state makes various requirements of which the keeping of a register book is one. It is a right of the state that it or its citizens may be able to find out at any time from the register who have succeeded to this franchise. It might well be argued that definite ascertainment of this apostolic succession was of so great public importance that no consideration of fairness in individual cases should outweigh it, and that the register should be conclusive, except where the corporation having actual notice of the transfer is itself precluded from taking advantage of its own neglect to make the change.¹¹ After all it is not a very grave hardship to force the book-owner to oversee the registration at his peril, while if he is forced to pay he always has the chance of his remedy over against the beneficial owner. It can be seen, however, that the public policy in this case is not as strong as in the case of recording a deed, for creditors of a corporation, as a matter of fact, do not rely on the register as do purchasers of land. Hence it is not very surprising that instead of a strict simple rule considerations of fairness to individuals have been considered and have led to authority in accord with the principal case.¹²

⁶ *Whitney v. Butler*, 118 U. S. 655. In such a case the legal short-cut for equitable execution would not explain the corporation's holding the beneficial owner for assessments. But no doubt, as notice had been given to make the transfer, he would not be allowed to say that he did not have the legal title.

⁷ *Richmond v. Irons*, 121 U. S. 27; *Johnson v. Somerville Dyeing & Bleaching Co.*, 15 Gray (Mass.) 216.

⁸ For a more complete statement of the case, see RECENT CASES, p. 427.

⁹ *Jennings v. Wood*, 20 Ohio 261; *Barnard v. Campau*, 29 Mich. 162; *Miller v. Bradford*, 12 Ia. 14.

¹⁰ *Merrick v. Wallace*, 19 Ill. 486. See *Gillespie v. Rogers*, 146 Mass. 610, 612.

¹¹ *Richmond v. Irons*, *supra*, is not *contra* to the principal case. It held the registered owner liable when notice had been given to an officer of the corporation who chanced also to be the vendee of the stock, — but on the ground that this was not proper notification. In the principal case the vendee of the stock was also an officer, but appears to have been the only proper person to notify.

¹² *Earle v. Carson*, 188 U. S. 42.